

## Message Text

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PAGE 01 STOCKH 02606 060806Z  
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-08 INR-10 LAB-04  
NSAE-00 SIL-01 DODE-00 PM-05 H-01 L-03 NSC-05  
PA-01 SP-02 SS-15 ICA-11 /079 W  
-----028777 061415Z /43

R 051532Z JUL 78  
FM AMEMBASSY STOCKHOLM  
TO SECSTATE WASHDC 4185  
INFO AMEMBASSY COPENHAGEN  
AMEMBASSY HELSINKI  
AMEMBASSY OSLO  
AMEMBASSY REYKJAVIK  
AMEMBASSY PARIS

LIMITED OFFICIAL USE STOCKHOLM 2606

USOECB

E.O. 11652: N/A  
TAGS: ELAB, ECON, SW  
SUBJECT: FURTHER STATE INTERVENTION IN THE LABOR MARKET

REF: STOCKHOLM 2487

1. ON JULY 1 THE GOS IMPLEMENTED A MAJOR NEW PROGRAM  
TO ENCOURAGE EMPLOYMENT. COMPANIES HIRING NEW WORKERS  
DURING THE THIRD QUARTER OF 1978 WILL RECEIVE  
A ONE-TIME GOVERNMENT SUBSIDY OF 12,000 SWEDISH CROWNS  
FOR EACH WORKER EMPLOYED. THE SUBSIDY WILL DECLINE TO  
8,000 CROWNS FOR THOSE HIRED DURING THE 4TH QUARTER OF  
1978 AND FINALLY TO 4,000 CROWNS FOR FIRST QUARTER 1979  
HIRES. ALL SUBSIDIES WILL BE PAID ON JULY 1, 1979 IF  
THE NEW WORKERS ARE STILL ON THE PAYROLL AND REPRESENT  
A NET INCREASE OVER THE NUMBER OF WORKERS EMPLOYED  
ON JULY 1, 1978. THE PROGRAM IS OPEN TO ALL EMPLOYERS  
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PAGE 02 STOCKH 02606 060806Z

IN EITHER INDUSTRY OR COMMERCE.

2. THE RATIONALE OF THIS PROGRAM IS BASED ON THE GOS'S  
BELIEF THAT AN ECONOMIC UPTURN IS BEGINNING TO  
DEVELOP AND WILL ACCELERATE IN 1979. THE PROGRAM IS  
DESIGNED TO ENCOURAGE EMPLOYERS TO HIRE THE WORKERS  
THEY WILL NEED FOR THE QUICKENING OF BUSINESS A QUARTER

OR TWO EARLIER THAN THEY MIGHT OTHERWISE HAVE DONE.  
MINISTRY OF LABOR OFFICIALS ESTIMATE THAT THE PROGRAM  
WILL COST ABOUT ONE HUNDRED FIFTY MILLION CROWNS.

3. COMMENT: THIS PROGRAM HAS BEEN IN GESTATION FOR  
SEVERAL MONTHS ALTHOUGH THE LABOR MARKET BOARD TECHNI-  
CIANS WHO DEVELOPED IT FEEL STRONGLY THAT IT SHOULD BE  
LIMITED TO MANUFACTURING. THE CABINET MADE THE POLITICAL  
DECISION TO EXTEND IT TO COMMERCE. THE TECHNICIANS CONFESS  
IN PRIVATE THAT THEY HAVE NO IDEA HOW MUCH THE PROGRAM  
WILL ACTUALLY COST AND THAT THE MINISTRY FIGURE  
RELEASED TO THE PUBLIC IS NO MORE THAN AN EDUCATED GUESS.  
A PROGRAM LIMITED TO MANUFACTURING WAS EXPECTED TO PRO-  
VIDE ABOUT 20,000 JOBS. THIS PROGRAM COMPLEMENTS  
THE SOMEWHAT DISCREDITED 25 CROWN PROGRAM (REFTEL), WHICH IS  
DESIGNED TO PREVENT LAYOFFS.  
KENNEDY-MINOTT

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NNN

## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** INTERVENTION, LABOR, MARKETS, LABOR MARKET  
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**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**From:** STOCKHOLM USOECD  
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**Litigation History:**  
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**Office:** ACTION EUR  
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**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** FURTHER STATE INTERVENTION IN THE LABOR MARKET  
**TAGS:** ELAB, ECON, SW, STATE  
**To:** STATE  
**Type:** TE  
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